

Stuarts. The Bank, in the forcible language of Macaulay, " Was "Whig not accidentally, but necessarily. It must have instantly stopped payment if it had ceased to receive the interest on the sum which it had advanced to the government ; and of that interest James would not have paid one farthing." Mr. Bagehot declares that without the aid of the bank :

Our national debt could not have been borrowed; and if we had not been able to raise that money we should have been conquered by-France and compelled to take back James II. And for many years afterwards, the existence of that debt was a main, reason why the industrial classes never would think of recalling the Pretender or of upsetting the Revolution settlement: the " fundholder " is always considered in the books of that time as opposed to his " legitimate " sovereign.¹

The political enemies of the bank were supported by the goldsmiths and other financial men whose monopoly of money lending was assailed by the new institution. The managers of the bank enjoyed from the outset three privileges which gave them an immense superiority over all competitors and enabled them to reduce the charges for banking. They received the government balances ; they enjoyed alone the privilege of limited liability, by which the shareholders were liable for the debts of the bank only to the amount of their investment and not for its entire liability ; and they were able to loan money in excess of their deposits by reason of the circulating notes they were allowed to issue against the government debt. The goldsmiths were able to do only the business of deposit banking, and were supposed to lend only coin, or credit for which they held coin in their vaults.² The goldsmiths, therefore, undoubtedly felt justified by reasons of self-preservation in lending their support to any plan which would break down their powerful rival. Such a plan was presented in the scheme of a Bank

which was brought before Parliament by Hugh
Chamberlain
in 1695.

¹ *Lombard Street*, Works, V., 64.

² Cunningham, II., 396.